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On STRIKES and their EFFECTS on WAGES, PROFITS, and ACCUMULATIONS.

By JOHN WATTS, PH.D., Manchester.

[Read before Section (F), at Manchester, September, 1861.]

AMONG the most serious of the evils to be encountered in the operations of trade are strikes by organized bodies of workmen. Since the repeal of the laws against combinations of workmen, "trades' societies" have sprung up in almost every considerable branch of employment—associations, the principal object of which is the "protection of wages." These societies are co-extensive with the trades which they represent, being composed of federated branches, united by representation in central committees. Some of these societies are not strictly confined to the United Kingdom, for the hand engravers have members in North America, and the Amalgamated Engineers have members in every part of the civilized world. In some of these societies *piecework alone*—*i. e.*, work at so much per yard, or per piece of a given number of yards, or so much for a given job—is recognized as the proper mode of payment; in others piece-work and daywork are both allowed; and in others, again, daywork alone is recognized; but in all there are rules, expressed or understood, to control the rates of wages, which are alike for the inferior and the superior workman. In most societies apprenticeship to the trade is held to be an indispensable preliminary to admission, and the number of apprentices to be allowed to any employer to a given number of men is defined; while in other societies (the cotton trade, to wit) the system of apprenticeship is held to be injurious, and is sometimes denounced as a tyranny. The societies enforce their rules upon members by fines and expulsion, while the rod held over the employer is the probability of a strike.

That strikes are great evils is universally allowed. Some persons affirm that they are unmitigated evils; some think that, however mischievous, they are not preventible; while others affirm that they are necessary, as preventing even greater calamities. If I can at all aid in discovering which of these theories is the true one, or if any of them be true, my purpose will be answered. I suspect there are but few men who would think of re-enacting the laws against combinations, for whatever be the evils of freedom, those of secret societies, endless prosecutions, and schemes of revenge, which would certainly follow any such enactment, would be much worse; and we

are, therefore, left to reason alone as our court of appeal, whatever may be our conclusions; and if we find that we are at present experiencing the danger of “a little learning” in trade affairs by workmen, the cure, as I believe, is not to be found in the backward path, but in the progress to higher knowledge; and we must not forget that our present position, as compared with twenty years ago, shows a very satisfactory improvement in the conduct of the working class generally.

Economic science rules that the price of labour, like that of any other commodity, will be regulated by the supply of compared with the demand for it; and working men practically acknowledge the truth of the theory even while fighting against it, for by strikes they withdraw labour from the market, thus making it artificially scarce, in order to keep up its price. But such an operation, even if successful, is shortsighted; the operatives forget that all increase to the future wages fund comes out of the profits of the employer and the invested savings of the workman; and that to arbitrarily prevent the production of wealth, or to wastefully consume the savings of past years, is just as injurious to society, and as certainly lessens the future demand for workmen and the future rate of wages, as if the employer's workshops and plant had been burnt, or his wealth cast into the sea. Like produces its like, wealth begets wealth, but the seed wealth can only fructify by passing through the soil of labour; and as the increase of an industrious population increases the price of land by increasing the customers for its produce, so will the increase of wealth generally increase the price of labour by increasing the demand for labourers. If I save money I do not lock it up in a box, but invest it, in order to make a profit; but where shall I find an investment which does not employ labour! If I go into the most unlikely looking, as into consols, into bank or railway shares, I release another man's money; and, however often this transaction be repeated, the ultimate result will be the release of some one's money for productive employment.

The connection between the employer and his workpeople ought to be very intimate; for unless the workman has the confidence of his employer or manager, he cannot expect to retain his situation for any long time, and to enable him to deserve such confidence he must work with a will, which can only arise from satisfaction with his remuneration and his treatment. The best of friends occasionally disagree, and each conscientiously believes the other to be in the wrong, and it is hardly likely that members of societies which, as at present constituted, infringe upon individual liberty will avoid disputes with the sufferers from their restrictive rules; and, accordingly, we can scarcely lift a newspaper without finding (by advertisements for workmen, and counter advertisements advising workmen

not to engage) that disputes and strikes are of very frequent, not to say of constant occurrence. The main object of trade societies is to keep up wages, and I am not prepared to assert that they do not in some cases succeed, especially where by limiting the number of apprentices they keep any given trade in few hands; but I wish to inquire if strikes be a necessary condition to that success; or if, on the contrary, any possible success achieved by such process could not equally be arrived at by less objectionable means; and if it be not possible to arrange trade disputes without resort to this fearful sword of strife.

The main causes of strikes have been threefold—the desire to limit a trade, the introduction of new machinery, and dissatisfaction with the rate of wages paid, or proposed to be paid. Sometimes the strike is against the use of the new machine, and sometimes against the arrangements rendered necessary by its introduction. A Liverpool shipbuilder in 1859 got the copper for a ship's bottom punched by machinery, ready for nailing on, but his workmen struck, and obliged him to set the hand punchers to work to go over the job again as if it was not already done, and to pay them for the sham. The shoemakers of Northampton struck against the employment of the sewing machine, and so strong was the sympathy of "trade societies," that subscriptions were sent in, in aid of the strike, from the users of the machine in Kettering, and the very machine shop in London, which supplied the obnoxious articles. It seems to be very difficult for working men to get rid of the idea that improved machinery will lessen the demand for labour, although both theory and practice prove the contrary. It is quite certain that for a new machine to get adopted, it must make a profit to its owner over and above that of the machine which it supersedes, and that increase of profit increases the future wages fund, and, consequently, the demand for labourers. And it is equally certain that the increased demand for labour, the increase of population and of material wealth, have been most rapid where machinery has achieved the greatest perfection, viz., in the cotton trade of Lancashire.

It is quite true that the whole increased demand for labour arising from a new machine may not be confined to the trade in question, and that for a time some hands may be displaced; but ought the temporary displacement of a comparatively few persons to hinder the progress which, by increased production of wealth and lowering of prices, benefits the whole world beside? And is it possible by any strike to stay the progress of invention? I hope and believe it is not.

But most of the strikes which have come under my observation have resulted from dissatisfaction with the amount of wages paid. This dissatisfaction (so far as the cotton trade is concerned) is sometimes general and sometimes local. It is general when the

state of trade requires a reduction of wages, or when workmen think the state of trade justifies a rise; it is local when the hands at one place think themselves worse paid than the same class of hands in other places. The workmen seem to desire to have a regular standard list of wages throughout each department of the trade, regardless of the advantages or disadvantages of particular localities, the qualities of the machinery used, or of the material to be wrought up. If trade always left a large margin of profit these differences might not be important, but when a manufacturer has to keep up a large establishment upon a single penny per lb. between the price paid for yarn and the price obtained for cloth; then a shilling per ton extra for coals, or the existence of an extra tollbar, and a few extra miles of carriage to the market, make the difference between profit and loss, and this difference can only be remedied by means of wages. The manufacturer also feels that if he lays out capital on improved machinery, or supplies extra good material, and thus enables his workpeople to produce more in a given time, he ought to get a trading profit upon such extra outlay, just as he would if he invested in extra *materiel*, or wages on old machinery.

The price of labour is a bargain between the employer and the workman, and it is not unnatural that each should put a different estimate upon the proposed arrangement. Any dissatisfaction on the side of the workmen is submitted to the central committee of their society, which advises whether to accept the terms of the employer, or to organise a strike, in order to force the employer to give the price demanded by the society. The difference in dispute is sometimes not more than $2\frac{1}{2}$, frequently not more than 5, and seldom exceeds 10 per cent. of the wages paid. The duration of a strike varies very much. The great Preston strike lasted thirty-eight weeks, the one at Padham twenty-nine weeks, Bolton six weeks, Ashton and district six weeks, Clitheroe six weeks, Blackburn three weeks. The strike of the London builders lasted twenty-six weeks, and the late Colne strike fifty weeks. Let us assume 5 per cent. as the average amount in dispute, and assume that the strike is in every case successful, and we shall then find that the adage which is applied to disputants at law, that "he who wins loses," is equally applicable here. A week is nearly 2 per cent. of a working year, and of course represents nearly 2 per cent. of the wages of a year. If, therefore, a strike for 5 per cent. succeeds, its results will be roughly exhibited in the following table:—

			Years of Work at the Extra Rate.
The loss of 1 lunar month's wages will require to make it up			$1\frac{3}{5}$
" 2	"	"	$3\frac{1}{5}$
" 3	"	"	$4\frac{4}{5}$
" 6	"	"	$9\frac{3}{5}$
" 12	"	"	$19\frac{1}{5}$
" $12\frac{1}{2}$	"	"	20

But, as money is worth 5 per cent. at interest, it follows that if a strike for 5 per cent. lasts $12\frac{1}{3}$ months, and then succeeds, and maintains the increase for twenty years, the workman has lost in interest much more than he has gained in wages, and that, therefore, no part of the loss can ever be made up; for if he could have worked for the lower sum during the year of strike, and have invested instead of spending the money, the year's wages would have grown into three years' wages nearly by the time in which the gain of the strike would make up for the loss of a single year. Of course, a strike for 10 per cent. would require only half the above term to make up the loss, while a strike for $2\frac{1}{2}$ per cent. would require double the time exhibited in the table, or forty-one years.

The strike of the London builders in 1859 was for 10 per cent. of time, or its equivalent 10 per cent. of wages, and, as it lasted twenty-six weeks, would, if successful, have required $10\frac{2}{3}$ years of continuous work at the extra rate to make up the loss of wages sacrificed. The amount in dispute between the weavers of Colne and their employers did not average more than $3\frac{1}{2}$ per cent. and, had the strike been successful, would have required more than twenty-eight years' continuous employment at the advance to make up the amount of wages lost, by which time the lost wages would, at 5 per cent., have quadrupled. In the cotton trade, wages appear to undergo something like a general adjustment every three or four years, in consequence principally of defective or abundant harvests of corn or cotton, or both. Such adjustments occurred in 1853, in 1857, and in 1860. If, therefore, the strikes which occur were spread equally over these periods, they would, even when successful, only affect the rate of wages for about two years upon an average, and therefore could not make up for more than about five weeks' loss of wages by strike. But strikes are seldom successful to the workmen, so that while they sacrifice the wages of the present time, they also lessen the wealth of the world, and so lessen the future demand for labour, and put further off the day when any advance of wages will be possible.

Here is a list of a few unsuccessful strikes, with a rough estimate of the losses consequent thereon. Some of these were among spinners, and some among weavers; and, learning that about 45*l.* in weaving and 80*l.* in spinning will represent the capital per hand engaged, I have assumed, for the purpose of my calculations, 65*l.* as the general average, and fifty weeks as the average working time in a year:—

Example of Unsuccessful Strikes, with Estimates of Loss to Society.

Name of Town.	Number of Hands.	Weeks of Strike.	Wages per Week	Amount of Loss.	Profit at 12½ per Cent. on Capital.	Subscriptions at One-fourth Wages.	Total Loss.
Preston	15,000	38	s. 15	£ 427,500	£ 92,625	£ 106,875	£ 627,000
Padigham	800	29	—	17,400	3,770	4,350	24,520
Clitheroe	3,000	6	—	13,500	2,925	3,375	19,800
Blackburn and district..... }	40,000	3	—	90,000	19,500	22,500	132,000
Ashton and district..... }	22,000	6	—	99,000	21,450	24,750	145,200
Colne	1,500	50	—	56,250	12,187	14,062	82,499
Bolton	12,000	6	—	54,000	11,700	13,500	79,200
London builders	10,000	26	25	757,650 325,000 1,082,650	164,157 53,125 217,282	189,412 81,250 270,662	1,110,219 459,375 1,570,594

The associated colliers have, upon their own showing, spent about a quarter of a million on strikes since 1842; and the amalgamated engineers threw away nearly half a million in 1852. According to our assumption of capital of 65*l.* per individual, the amount thus lost by the cotton trade alone, would have given employment and wages to 17,184 persons, and if every second person was the head of a family they would represent 42,950 individuals whose bread is thus wasted in perpetuity. And all the above-named, except the Preston strike, have occurred within the last two or two and a-half years, and all have ended unsuccessfully; so that there has been no compensation whatever.

I am aware that I may be thought wrong to try to treat these great problems so exclusively by a money estimate; but let me explain that money is simply a convenient expression for the necessities and comforts of life, which represent life itself, with all its feelings, all its hopes, and all its aspirations. If I could see that these great sacrifices were necessary in order to secure a proper position for the working man they would excite my highest admiration; but I cannot see the desirability of restricting any man, or any number of men, from placing their sons in the best paid trades if they can find employers who are willing to take them, nor do I see the desirability of a society of workmen dictating what amount of wages an employer shall pay to any individual. But if a trades' society, in addition to operating as a benefit society in cases of sickness and death, should also become a simple trade agency where information might be obtained every day of the state of employment and the amount of

wages in every locality where the same trade obtains ; and should also assist to remove applicants into the best markets, most of the strikes for wages would be prevented ; all the results of a successful strike would be achieved, and whenever the success of a strike is possible, without its expense and loss.

The exception would be where, as at Colne, a strike occurs from misunderstanding or misrepresentation as to the wages paid elsewhere. This strike occurred during a very prosperous trade, when labour was so scarce that every hand employed at Colne might readily have got work elsewhere. But the hands refused to go, because those who did leave soon found that they could do better at home than elsewhere. This class of cases would furnish useful work for an arbitration court. But the constitution of such a court seems to be a great difficulty, if we may judge from the parliamentary discussions on the Masters and Operatives Bill, 1860-1.

I would throw out the hint for consideration that such a court should be honorary, each party to the dispute naming an equal number of jurymen, the County Court judge for the district being appointed umpire, and from this court I think it would be desirable to exclude lawyers. The parties would be evenly balanced, the umpire would be perfectly disinterested, and legal expenses would be avoided. I am advised that this plan would not be objected to by working men if power was given to carry a case to an adjoining district to avoid a prejudiced umpire. These two modes of avoiding strikes could be put in operation, the one by trade societies themselves, the other by the sanction of the Legislature.

But there is a third plan now coming rapidly into operation, which will severely test the capacities of the working classes, and prove whether or not the unfavourable opinions expressed of them lately in Parliament be well founded. I allude to the rise of *co-operative societies* and manufacturing companies with limited liability. I have no doubt that companies and friendly societies for manufacturing purposes, covering a nominal capital of two millions sterling, have been registered. Some of these are simply joint-stock companies in the ordinary sense of the word, except that the mill hands are the principal shareholders, and have, therefore, an interest in turning out the best of work, in order to increase their wages by the division of profits. In other cases various classes of men invest capital as shareholders, and the articles of association provide that after paying interest at the rate of 5 per cent., and allowing for depreciation of stock, the remaining profit shall be divided between the paid-up capital of the shareholders, and the amount of wages paid to the operatives at such a rate per pound as it will make upon the two sums added together. Thus, if 65*l.*, represents the capital required to employ one workman, and that workman earns 20*s.* per week,

then the half-yearly dividend would be upon 91*l.*, in the proportion of 65 to the shareholders, and 26 to the workman. If these latter societies pay the ordinary wages, they will, as a matter of course, have their choice of hands; for the workpeople will learn that even if they spend the whole of their ordinary wages and simply allow their dividends to accumulate as shares, twenty or thirty years of employment with ordinary profits will then give nearly as much for interest of money as for wages. Such prospects will secure prudential habits, and the operations of these societies will show to workmen generally what amount of wages can be safely paid at any time; and the "advocates" who have hitherto promoted strikes in the belief that workmen were being oppressed, and that refusal to work was the only remedy, will now employ their energies in getting up co-operative societies, will work to save capital instead of to waste it; and will learn that if wages and profits are low, as when harvests are bad, harder work, instead of no work, at the same or a more profitable occupation is the only remedy.

If the real co-operative societies extend and succeed, it is possible that we may see individual employers, in self-defence, constituting their workpeople partners in profits, in the belief that the extra interest excited in work would make the employers' share of profit greater than the whole amount formerly obtained. Such an arrangement would also tend to prevent strikes; for, if the hands thought wages were too low, they would see it made up by profit, so that the result would simply be an enforced measure of prudence. These societies have yet to bear the test of "bad times;" and, although they have some advantages over the individual employer, as in the extra devotion of the well-disposed workmen, and in the possibility of living even without profits or interest of capital, where that capital belongs *bond fide* to the shareholders; yet they are not likely to pass scathless, through a crisis, and are only a present remedy for strikes to the extent that workmen who believe themselves wronged can be persuaded to submit to that wrong while they earn and subscribe capital sufficient to employ themselves.

To resume, therefore, I conclude that a strike to restrict a trade, either by limiting the number of apprentices, or preventing the employment of efficient workmen who have not been apprenticed, being an invasion of individual liberty, ought not to succeed; and that the more rigidly such restrictive rules are enforced the sooner will they be destroyed. Strikes against improved machinery are attempts to stay the progress of human intellect and of civilization; they originate in ignorance of the tendency of such improvements; the displacement of labourers caused by new machinery is an occurrence to be provided against by well-regulated trade societies, in the form of temporary relief, until the labourers can be replaced or

otherwise provided for. But strikes against new machinery can never permanently succeed, and all money thus spent is therefore entirely thrown away. When a trade is in such a position as to render a union of employers for a reduction or against a rise of wages possible, a strike cannot succeed; for as long as there is machinery standing idle, if a fair profit be possible, hands will be sought for that machinery at a rise of wages if necessary, in order to secure the profit; and whenever it is possible for a local strike to succeed it must be either because wages in that locality are below the average, or because the demand for hands being general the local employers give way rather than lose their workpeople. That in all such cases trade societies, by operating as trade agencies, and assisting in the gradual removal of hands to places already secured for them, would achieve an equal success without a struggle, without wasting a week's wages, and without a thousandth part of the ill-feeling which is consequent upon a strike. Strikes are therefore either wholly injurious, or an entire waste of effort to an extent, as I believe, of not less than a million sterling per annum, or the bread of 38,470 persons, with their natural increase for ever. I think that a court of arbitration would be able to deal with local misunderstandings and misrepresentations, and would heal many differences before they came to an open rupture; and that co-operative societies, whether they succeed or fail, will find employment for much talent hitherto misdirected, and will teach lessons of wisdom and prudence which will render such a foolish waste of capital as that lost in and spent upon a strike for wages almost impossible.
